



INTERNAL AUDIT DIVISION

AUDIT REPORT

United Nations Institute for Disarmament Research

The Institute has taken critical steps to improve its financial situation and streamline its programme of work, but it needs to strengthen its governance mechanisms and improve compliance with UN regulations and rules

22 August 2008

Assignment No. AN2007/385/01

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Dr. Patricia Lewis, Director
A: United Nations Institute for Disarmament Research

DATE: 22 August 2008

TO: Mr. Vijay Nambiar, Chef de Cabinet
Executive Office of the Secretary-General

REFERENCE: IAD: 08- 01681

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AN2007/385/01 - Audit of the United Nations Institute for Disarmament Research (UNIDIR)**
OBJET: **Research (UNIDIR)**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendation 5 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 3. In OIOS' opinion however, this recommendation seeks to address a significant risk area. We are therefore reiterating it and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1 and 2), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. William Petersen, Chief, New York Audit Service, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of the United Nations Institute for Disarmament Research

OIOS conducted an audit of the United Nations Institute for Disarmament Research (UNIDIR). The overall objective of the audit was to assess the (a) adequacy and effectiveness of the internal controls over governance, financial management, programme management, and human resources management and (b) compliance of UNIDIR with UN Financial Regulations and Rules and other established UN policies and procedures. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The audit covered the period from 1 January 2004 to 31 December 2006. UNIDIR has taken critical steps to improve its financial situation, regularize its core posts, and obtain permanent funding to support its operational costs. The Institute streamlined its programme of work, better aligned its resources, and enhanced the quality of its outputs. These changes, which were welcomed by the General Assembly, have resulted in significant improvement in the utility of its products and stronger support from donors.

OIOS' audit made the following findings:

- The responsibility for administrative oversight over the Director has not been attributed to a senior UN Secretariat official;
- A formal policy defining the composition and term limits for members of the Board of Trustees has not been established;
- All three incumbents in the post of the Deputy Director were French nationals since 1981 because the post was funded by the Government of France. This was against the spirit of Article 100, of the UN Charter which states that "in the performance of their duties the Secretary-General and the staff shall not seek or receive instructions from any government or from any other authority external to the Organization;"
- UNIDIR was not complying with the UN Financial Regulations and Rules with respect to (i) acceptance and management of voluntary contributions, including pledge and contribution management; and (ii) transmittal of all pledge agreements to the Financial Resources Management Service of UNOG;
- UNIDIR was not conducting reviews to assess the impact of the work of the Institute;
- UNIDIR had not completed the classification and grading of posts covering the core functions of the Institute in line with the UN Staff Regulation 2.1;
- UNIDIR had not established a roster for internal consultants in accordance with the ST/AI/1999/7 on Consultants and Individual Contractors; and
- UNIDIR had not complied with the Performance Appraisal System (PAS) requirements of the UN Staff Regulation 1.3(a).

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Institute for Disarmament Research (UNIDIR). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNIDIR was established on 11 December 1979 by General Assembly (GA) resolution 34/83 M as an autonomous institution within the framework of the United Nations (UN). The Institute engages in independent research on disarmament and related problems, characterized under three main clusters: global security and disarmament; regional security and disarmament; and human security and disarmament. The Institute's statute, as contained in GA resolution 39/148 H of 17 December 1984, is its governing document. A Board of Trustees (BOT) oversees the work of the Institute. The Director is assisted in the day-to-day responsibilities of the Institute by 8 staff members (4 full-time and 2 part-time professionals, and 2 General Service staff). The Institute is located in Geneva and is serviced by the United Nations Office at Geneva (UNOG).

3. In 1984, the Secretary-General created a general trust fund (the Fund) to receive voluntary contributions in support of the Institute's research activities. Between 2004 and 2006, the Fund received approximately \$7.9 million in voluntary contributions. A subvention from the UN regular budget approximated \$1.1 million for the same period. The financial highlights of the Fund are presented in Table 1.

Table 1. Financial Highlights – UNIDIR Trust Fund

| | 2004 | 2005 | 2006 | Total |
|-----------------------------------------------------------|------------------|--------------------|------------------|------------------|
| Voluntary contributions | \$2,073,357 | \$3,317,395 | \$2,558,700 | \$7,949,452 |
| Subvention (UN Regular Budget) | 319,200 | 356,732 | 417,983 | 1,093,915 |
| Interest and other income | 119,718 | 61,321 | 82,789 | 263,828 |
| Expenditures (including prior period adjustments) | 1,709,768 | 4,146,784 | 2,891,155 | 8,747,707 |
| Net excess (shortfall) of income over expenditures | \$802,507 | (\$411,336) | \$168,317 | \$559,488 |

Source: UNIDIR (DRA) Statement of Income and Expenditure 2004 – 2006
(Amounts in United States dollars)

5. UNIDIR has continued its efforts to improve its financial situation. In general, voluntary contributions tripled from \$752,000 in 2003 to over \$2.5 million in 2006. However, the continued depreciation of the United States dollar, which is the base currency of UNIDIR's operations, poses new funding challenges such as loss on exchange to other currencies, specifically the Swiss Franc.

6. Comments made by the Secretary-General and UNIDIR are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to assess the:
- (a) Adequacy and effectiveness of internal controls over governance, financial management, programme management, and human resources management; and
 - (b) Compliance of UNIDIR with UN Financial Regulations and Rules and other established UN policies and procedures.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from 1 January 2004 to 31 December 2006. The audit was carried out through interviews with key personnel, review of relevant documentation, and a test of internal controls.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Governance and management controls

Administrative oversight over UNIDIR Director not clearly assigned

9. The UNIDIR statute provides for the Institute's autonomy to conduct independent research, engage in fundraising activities, accept contributions, set the orientation of its programme, and appoint staff. UNIDIR is accountable to the GA and the BOT for its programme of work. The BOT is also the Secretary-General's Advisory Board on Disarmament Matters. The Advisory Committee on Administrative and Budgetary Questions (ACABQ), which reports to the BOT and to the Fifth Committee of the GA, provides high-level financial oversight.

10. While the responsibility for the oversight of programmatic areas of the Institute was clearly attributed to the BOT, there was no clear structure for the administrative oversight of the Director's functions. The UNIDIR statute states that "the Director shall have overall responsibility for the organization, direction, and administration of the Institute, in accordance with general directives formulated by the BOT..."¹ However, the statute does not spell out the responsibility for administrative oversight by the Secretary-General or a senior UN Secretariat official delegated with this responsibility on his behalf. As a result of this lacuna, a UN senior official to which the Director should report has not been designated for the Performance Appraisal System (PAS) purposes and

¹ UNIDIR Statute, Article IV: The Director and the Staff

the Director's performance has never been evaluated. Consequently, the Director's administrative actions were not monitored, nor was her overall performance formally assessed.

Recommendation 1

(1) The Secretary-General should, in consultation with the Board of Trustees, review the mechanism for administrative oversight over the UNIDIR Director and take appropriate action concerning clear provisions for the assignment of this function.

11. *The Secretary-General agreed with recommendation 1 and the importance of performance evaluation stating that he undertakes to share the findings of the OIOS report with the Board of Trustees so as to devise a mechanism to address these concerns. In addition, the Secretary-General believes that both the Director and the Institute stand to benefit from a more effective oversight system that is designed to enhance UNIDIR's efficiency, competence, and integrity. Recommendation 1 remains open pending receipt of the results of the Secretary-General's review, in conjunction with the Board of Trustees, of the mechanism for administrative oversight over the UNIDIR Director.*

No formal policy on the composition and size of the Board

12. Pursuant to Article III of UNIDIR's statute, the BOT comprises experts knowledgeable in the fields of security, arms control, and disarmament. Although not specifically mentioned in the UNIDIR statute, BOT members are selected by the Secretary-General for an initial two-year term². The Secretary-General, in consultation with the Office of Disarmament Affairs (ODA), determines the number and names of BOT appointees. According to the BOT, the Secretary-General normally appoints about 20 to 22 BOT members, including new and renewed members, to preside over BOT sessions each year. The Director of UNIDIR attends all sessions as an ex-officio member. An effort is made to have a balance in terms of gender, regional representation, and between academics and government officials. New members are normally appointed for the approved initial period with the possibility of extensions. Most BOT members either resign or are changed by the Secretary-General after four to five years.

13. While accepted practices had been followed to select BOT members, there was no formal policy establishing the composition of the Board and the term limit of its members. OIOS' review of the composition of the BOT during 2004-2006 indicated that approximately 19 of 30 BOT members were government officials and diplomats. Eight of the BOT members were academics, while one out of the 30 members represented a non-governmental organization (NGO). Only one representative from the UN Conference on Disarmament was a member of the BOT during this period. In the absence of a formal policy on

² UNIDIR website: "Board of Trustees"

the composition of the Board and the term limit of its members, the Institute risked having a Board with predominantly governmental representation and inadequate representation from the non-governmental sectors.

Recommendation 2

(2) The Secretary-General should establish a policy on the composition of the Board of Trustees and the term limit of its members to ensure a balanced representation.

14. *The Secretary-General noted recommendation 2 and stated that the current configuration of the Board is dictated by the fact that disarmament issues largely related to national security concerns of Member States. Balanced representation in gender and region would then be worked out within this context. OIOS is the opinion that a formal policy on the membership of the Board needs to be formulated. Recommendation 2 remains open pending receipt of this policy document.*

Memorandum of Understanding with the Government of France should be aligned to the principles of the UN Charter and the UN Staff Rules and updated

15. The Memorandum of Understanding (MOU) with the Government of France, effective 15 September 1980, indicates the appointment of the Deputy Director at the “P-5 level, along with its applicable terms and conditions of employment”. Since 1981, all three incumbents to the post of Deputy Director were French nationals. The post was upgraded from the level of P-5 to D-1. UNIDIR stated that it had been a long-standing practice to appoint French nationals to this post since the post is funded by the Government of France.

16. However, UNIDIR’s statute provides that the Institute should be managed in accordance with UN policies and procedures. This includes the Institute’s adherence to the UN Staff Rules, which state that all posts should be recruited for on a competitive basis in observance of the requirements of the UN Charter. Further, Article 100, of the UN Charter state that “in the performance of their duties the Secretary-General and the staff shall not seek or receive instructions from any government or from any other authority external to the Organization. They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization. Each Member of the United Nations undertakes to respect the exclusively international character of the responsibilities of the Secretary-General and the staff and not to seek to influence them in the discharge of their responsibilities.” Article 101 stipulates that “due regard shall be paid to the importance of recruiting staff on as wide a geographical basis as possible.” The principle for equitable geographical distribution was reinforced by GA resolution 42/220, “Personnel Questions: A Composition of the Secretariat” (21 December 1987). There is a need, therefore, for UNIDIR, in consultation with the BOT, to update the MOU in line with the UN Staff Rules and to accurately reflect the changes that have taken place since 1980.

Recommendations 3 and 4

(3) The UNIDIR management, in consultation with the Board of Trustees, should revise the Memorandum of Understanding with the Government of France to provide that competitive selection shall serve as the basis for the recruitment of the Deputy Director in line with the principles of the UN Charter and UN Staff Regulations and Rules; and

(4) The UNIDIR management should revise the Memorandum of Understanding with the Government of France to reflect the upgrade of the post of the Deputy Director from P-5 to D-1.

17. *UNIDIR did not accept recommendation 3, stating that at the special session devoted to disarmament (SSOD I), France put forward the original proposal to establish UNIDIR. Since that time, France has funded the Deputy Director's position. Since UNIDIR works entirely on the basis of voluntary contributions, France's contribution represents a considerable fraction of the Institute's budget; therefore, to risk losing that amount and the post would affect the Director's programme priorities. UNIDIR stated that it has changed the way the Institute does business with France in this regard. UNIDIR has fought hard for the right to interview potential candidates and reject France's first choice. UNIDIR, with the assistance of the French Board member, sought out a preferred candidate, who is a dual national of France and Senegal. The Government of France agreed to the appointment of UNIDIR's selected candidate. UNIDIR agreed that the principle of competitive recruitment is the ideal arrangement, but would not like to risk losing the contribution for the post of Deputy Director.*

18. *The Secretary-General commented on recommendation 3 concerning the revision of the MOU with Government of France and stated that to ensure the competitive selection of the post of Deputy Director, he would request that UNIDIR works with the Department of Management (Office of Programme Planning, Budget and Accounts and Office of Human Resources Management) and the Office of Disarmament Affairs on this recommendation. Recommendation 3 will remain open pending receipt of the results of the consultations by the Department of Management and UNIDIR to ensure the competitive selection for the Deputy Director's post in line with the principles of the UN Charter and UN Staff Regulations and Rules.*

19. *UNIDIR accepted recommendation 4 and stated that the revision of the MOU has been in process since early 2007. On 22 January 2008, the UNIDIR Director requested clarification from the Human Resources Management Service (HRMS of UNOG), concerning the upgrade of this post in the 1980s based on archived personnel records. UNIDIR is still awaiting a response from the archives section. Recommendation 4 remains open pending receipt of the revised MOU with the Government of France.*

B. Financial management

Need for additional alternate certifying officer

20. An Administrative Assistant at the G-6 level is tasked with the budgetary and financial duties of the Institute. In addition to the Director and the Deputy Director, the Administrative Assistant has authority to certify obligations for expenditure for the Fund, i.e., to authorize financial commitments.

21. OIOS reviewed 10 financial transactions of the Fund for the period from 1 January 2004 to 31 December 2006 to test compliance with the United Nations Financial Rule 105.5. Although adequate separation of duties between the certifying and approving functions was in place, in 3 out of 10 cases, the Administrative Assistant had both prepared and certified obligations for goods and services. UNIDIR stated that this arrangement had been necessary to assure the proper functioning of the Institute in the Director's absence and due to the absence of the Deputy Director, who had not yet been appointed. OIOS was informed that in the 3 cases, the Administrative Assistant had only exercised her certifying authority after consulting with the Director and that this consultation had been done either by e-mail or over the telephone. It is OIOS' view that, in the absence of the Director and Deputy Director, a staff member other than the Administrative Assistant should certify obligations prepared by the Administrative Assistant to strengthen financial controls.

Recommendation 5

(5) The UNIDIR management should request the Controller to assign an additional alternate certifying officer to certify obligations in the absence of the Director and the Deputy Director.

22. *UNIDIR accepted recommendation 5 and stated that this has already been done. A senior official has been designated as alternate certifying officer. Based on the action taken by UNIDIR, recommendation 5 has been closed.*

Recording of pledges not in accordance with administrative instructions

23. The UNIDIR statute requires it to comply with the UN Financial Rules. Administrative instruction ST/AI/284, which interprets the UN Financial Rules concerning fund management, sets out the procedures to be followed in establishing, administering, and controlling general trust funds. The UN Financial Rules provide that "all pledges must be in written form from a representative of the donor and should indicate the amount, the type of currency, method of payment, and any conditions of the pledge. The expected date(s) of payment(s) should also be indicated." To supplement these procedures, the UN Controller outlined the division of responsibilities between the UN and UNIDIR in complying with the UN Financial Rules with respect to the acceptance of contributions. Specifically, the UN Controller instructed that "copies of all pledge agreements should be forwarded to the Chief of UNOG's FRMS immediately following signature. UNOG, therefore, is charged with monitoring

pledge agreements to ensure the consistent application of UN policies and procedures with respect to the acceptance and management of voluntary contributions.”

24. OIOS reviewed the voluntary contribution pledges for the Institute received between 2004 and 2006 and found that 18 out of 42 pledges were not supported by formal pledge agreements in accordance with ST/AI/284, Section II. Of the 24 pledge agreements that had been entered into between UNIDIR and the donors, 6 of the agreements had not been copied to the Chief, FRMS.

25. UNIDIR stated that in all cases it endeavors to obtain written pledges from donors, but this is not always practical or possible. Oral pledges that are not formalized in a pledge agreement are recorded manually on a spreadsheet and maintained internally by the Administrative Assistant for tracking purposes. The recording of these pledges in the UNIDIR accounts, therefore, was not done until contributions were actually received. In OIOS’ view, UNIDIR should strictly adhere to the requirements of ST/AI/284 with respect to pledge management and acceptance of contributions and the Controller’s instructions to provide all pledge agreements to UNOG. It is also OIOS’ view that the use of pledge agreements could be beneficial to UNIDIR in obtaining firm commitments from donors and better predicting its cash requirements.

Recommendation 6

(6) The UNIDIR management should ensure that it strictly complies with ST/AI/284, Section II, with respect to: (i) acceptance and management of voluntary contributions, including pledge and contribution management; and (ii) transmittal of all pledge agreements to the Financial Resources Management Service of UNOG, in accordance with the Controller’s instructions.

26. *UNIDIR accepted recommendation 6 and stated that it is now forwarding written pledges for registration by the UN Treasury and is creating a standard agreement to be signed by the donor and UNIDIR.* Recommendation 6 remains open pending receipt of a copy of the UNIDIR standard pledge agreement.

Pledge agreements not endorsed by both donor and recipient

27. Pledge agreements are required to be signed by both the Institute and the donors. OIOS found that of the 24 pledge agreements executed between the Institute and donors, 9 had not been mutually signed by both parties to the agreement. UNIDIR records showed that, in the case of the 9 agreements, either the Director had signed the agreement or the donor had signed the agreement. There is a need to ensure that all agreements have the signatures of both parties to avoid the risk of one party backing out of the agreement with resultant effects on the programme.

Recommendation 7

(7) The UNIDIR management should ensure that all pledge agreements are signed by both the Institute and the donors.

28. *UNIDIR accepted recommendation 7 and stated that it will develop its own standard pledge agreement template. Recommendation 7 remains open pending receipt of a copy of the standard pledge agreement template.*

C. Implementation of programme of work

No impact assessment conducted on UNIDIR's work

29. The Institute produces a range of products, including publications, books, reports and journals, and hosts the Disarmament Forum, expert meetings, fellowships, seminars, conferences, workshops, and roundtables in Geneva, New York and other locations worldwide. The Institute also maintains a bi-lingual website, which publishes a plethora of information on disarmament. Collectively, the BOT and UNIDIR keep abreast of emerging disarmament issues through extensive networking in the disarmament field and incorporate the intelligence gathered from this process in the Institute's programme of work. However, despite the wide range of activities undertaken by the Institute to date, it has not conducted an evaluation of the impact of its outputs and the outcome of its work.

30. The need for an impact assessment was highlighted at the 2003 annual meeting of the Subcommittee of the BOT³. Members stressed the importance of feedback on UNIDIR's efforts, while emphasizing the need for measuring the impact of the Institute. UNIDIR management stated that, since the audit, it has subsequently conducted a self-evaluation to assess the impact of its programme of work. However, the self-evaluation did not assess programme results in terms of the achievement of UNIDIR's mandate through its research, and addressing the needs and priorities of Member States in the area of disarmament and security. To enhance its effectiveness, the Institute should conduct an overall impact assessment of its work once in every three years. UNIDIR should request for additional resources to support the cost of the triennial review.

Recommendation 8

(8) The UNIDIR management should conduct reviews to assess the impact of the work of the Institute on a triennial basis.

³ The Subcommittee of the Board of Trustees was appointed in 2003 to provide additional oversight over the Institute's programme. The Subcommittee meets once yearly to discuss the Institute's programme of work and achievements in depth, which serves a precursor for the annual meeting of the Board of Trustees.

31. *UNIDIR accepted recommendation 8 and stated that it would implement it. Recommendation 8 remains open pending receipt of a copy of the completed impact assessment.*

UNIDIR's outreach programme under review

32. OIOS evaluated the Institute's outreach efforts in its previous audit. The audit recommended that UNIDIR develop and implement an effective outreach strategy with a more focused emphasis on media coverage of its activities and publications. The BOT also expressed the need for an outreach strategy to enhance the Institute's penetration of Asia and the Middle East. Subsequently, UNIDIR adopted a media strategy to widen the geographical coverage of its activities in response to the audit recommendation and the concerns raised by the BOT.

33. In view of the above, OIOS reviewed the Institute's progress in implementing its new outreach strategy. As a result of intensifying its efforts to reach new users, the Institute had acquired a subscriber-base of thousands of subscribers, mainly through the Internet, which enabled it to penetrate new user networks and increase its readership. As a result, the average number of visitors, number of visits, and hits to the UNIDIR website is continuing to grow, as shown in Table 2.

Table 2. UNIDIR Website Statistics

| | 2004 | 2005 | 2006 | 2007 |
|-----------------------------------|---------|---------|---------|---------|
| Average Number of Unique Visitors | 6,655 | 8,272 | 9,623 | 9,948 |
| Average Number of Visits | 9,647 | 12,400 | 14,073 | 16,996 |
| Average Number of Hits | 406,292 | 427,974 | 469,640 | 470,264 |

Source: Statistics computed based on numbers extracted from UNIDIR website

34. Further, the Institute has made progress in invigorating its outreach programme through a new "five-stage renovation" strategy, encompassing various Internet and Information Technology (IT) resources. At the time of the audit, UNIDIR was also re-negotiating its sales agreement with the Publications, Marketing, Sales and Licensing (PMSL) unit of the Department of Public Information (DPI) at UNOG to enhance electronic distribution of all its publications. The revised sales agreement is scheduled to be completed in 2008. *The UNIDIR management explained that the dissemination of UNIDIR publications are only one component of the wider outreach strategy, which includes website blogs, podcasts, membership in expert networks, such as the International Relations and Security Network (ISN), and UNIDIR events in Geneva, New York, Vienna, and other venues, as appropriate.* In view of the actions being taken by UNIDIR to widen its outreach, OIOS is not making any recommendation on the outreach function.

D. Human resources management

Classification of core posts not completed

35. The previous OIOS audit recommended that the Institute classify and grade its core posts as required by UN Staff Regulation 2.1. The core functions not covered by the UN post classification structure include project and publications management, editing, conference organization, information technology administration, and administrative support. UNIDIR has begun the consultative process with the UNOG HRMS for classifying and grading the posts covering the core functions of the Institute. However, as at the date of the audit, this exercise was still in progress. UNIDIR, in consultation with UNOG HRMS should expedite the classification of the core posts of the Institute to ensure that the (i) staffing structure is appropriate to carry out the functions of the Institute; (ii) roles, responsibilities, and functions of each post are clearly defined and approved by UNOG HRMS; and (iii) classification and compensation of all UNIDIR posts conform to UN salary standards.

Recommendation 9

(9) The UNIDIR management, in consultation with the UNOG Human Resources Management Service, should complete the classification and grading of posts covering the core functions of the Institute as required by UN Staff Regulation 2.1.

36. *UNIDIR accepted recommendation 9 and stated that it was in the process of implementing it.* Recommendation 9 remains open pending receipt of documentation showing the approved post classification and grading of all UNIDIR posts.

No internal roster of consultants

37. The Institute frequently hires consultants to conduct research for its publications. From 2004 to 2006, the Institute hired 80 consultants to work on various research projects and outputs⁴. Due to the Institute's reliance on outside expertise for research inputs, the competitive selection of consultants is crucial to the quality of the Institute's outputs. OIOS reviewed a sample of 10 consultancy assignments during 2004 to 2006 to test for compliance with the UN requirements for hiring outside expertise, as contained in ST/AI/1999/7, and concluded that, in general, UNIDIR complied with the UN standards in the selection of consultants and the issuance of consultancy contracts. However, there was a need to strengthen competitive selection and improve administrative efficiency by enhancing the internal roster of consultants. The criteria for adding and deleting candidates to and from the roster should be clearly established and an internal panel appointed to oversee the process.

⁴ The Institute produced a total of 33 publications between 2004 and 2006: 13 in 2004; 10 in 2005; and 10 in 2006

Recommendation 10

(10) The UNIDIR management should establish a roster of internal consultants in accordance with the ST/AI/1999/7 on Consultants and Individual Contractors.

38. *UNIDIR accepted recommendation 10 and stated that it was in the process of implementing it. Recommendation 10 remains open pending receipt of documentation showing that the Institute has developed a formal roster of internal consultants.*

Delayed completion of PAS reports

39. The Institute is required to conform to UN Staff Regulations and Rules, including compliance with UN Staff Rule 101.3, Performance of staff. The Rule states that “staff members shall be evaluated for their efficiency, competence, and integrity through performance appraisal mechanisms that shall assess the staff member’s compliance with the standards set out in the Staff Regulations and Rules for purposes of accountability.” The Rule also states that performance reports shall be prepared regularly for all staff members in accordance with procedures promulgated by the Secretary-General.

40. OIOS found that, in 2004-2006, UNIDIR had not complied with the requirement of preparing performance evaluations for all staff in a timely manner, except for the four posts funded by the UN regular budget. During the period reviewed, it was noted that PAS reports were not completed until one year after the due date. As a result, the timely feedback and corrective measures recommended to staff on their performance could be delayed. *UNIDIR acknowledged its non-conformance with the requirement for the timely completion of PAS reports and stated that it had begun to comply, starting with the 2007-2008 performance period. UNIDIR also explained that compliance with the UN Staff Rules had been complex due to a lack of access to the ePAS system to evaluate the performance of staff not occupying UN regular budget posts. To overcome this challenge, the Institute had come up with a provisional evaluation form to substitute for the ePAS. In view of the technological limitations of the Institute to utilize the automated ePAS system for staff members encumbering non-regular budget posts, OIOS encourages UNIDIR to continue its use of the present paper-based evaluation system as an alternative management tool to annually evaluate the performance of all staff.*

Recommendation 11

(11) The UNIDIR management should strictly comply with the Performance Appraisal System (PAS) requirements of the UN Staff Regulations and Rules.

41. *UNIDIR accepted recommendation 11 and stated that, with the exception of the Deputy Director and the two GS staff, there is no mechanism for access to the e-PAS system for the remaining staff of the Institute, as they are not considered regular staff members. This is why UNIDIR continues to use the*

paper PAS forms. Recommendation 11 remains open pending receipt of documentation showing that UNIDIR has completed PAS reports for all staff to date.

V. ACKNOWLEDGEMENT

42. We wish to express our appreciation to the Management and staff of UNIDIR for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

| Recom. no. | Recommendation | Risk category | Risk rating | C/O ¹ | Actions needed to close recommendation | Implementation date ² |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1 | The Secretary General should, in consultation with the Board of Trustees, review the mechanism for administrative oversight over the UNIDIR Director and take appropriate action concerning clear provisions for the assignment of this function. | Governance | High | O | Receipt of the results of the Secretary-General's review, in conjunction with the Board of Trustees, of the mechanism for administrative oversight over the UNIDIR Director. | Not provided |
| 2 | The Secretary-General should establish a policy on the composition of the Board of Trustees and the term limit of its members to ensure a balanced representation. | Governance | High | O | Receipt of the policy on the composition of the Board and the term limits of its members. | Not provided |
| 3 | The UNIDIR management, in consultation with the Board of Trustees, should revise the Memorandum of Understanding with the Government of France to provide that competitive selection shall serve as the basis for the recruitment of the Deputy Director in line with the principles of the UN Charter and UN Staff Regulations and Rules. | Governance | Medium | O | Receipt of the results of the consultations by the Department of Management and UNIDIR to ensure the competitive selection of the Deputy Director's post, as directed by the Secretary-General. | Not provided |
| 4 | The UNIDIR management should revise the MOU with the Government of France to reflect the upgrade of the post of the Deputy Director from P-5 to D-1. | Operational | Low | O | Receipt of the revised MOU with the Government of France. | Not provided |
| 5 | The UNIDIR management should request the Controller to assign an additional alternate certifying officer to certify obligations in the absence of the Director and the Deputy-Director. | Financial | Medium | C | Action completed. | Implemented |
| 6 | The UNIDIR management should ensure that it strictly complies with the UN Financial Regulations and Rules with | Financial | Medium | O | Receipt of a copy of the UNIDIR standard pledge agreement. | Not provided |

| Recom. no. | Recommendation | Risk category | Risk rating | C/O ¹ | Actions needed to close recommendation | Implementation date ² |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|------------------|------------------------------------------------------------------------------------------------------------|----------------------------------|
| | respect to: (i) acceptance and management of voluntary contributions, including pledge and contribution management; and (ii) transmittal of all pledge agreements to the Financial Resources Management Services of UNOG, in accordance with the Controller's instructions. | | | | | |
| 7 | The UNIDIR management should ensure that all pledge agreements are signed by both the Institute and the donors. | Financial | Medium | O | Receipt of a copy of the new pledge agreement template. | Not provided |
| 8 | The UNIDIR management should conduct a review to assess the impact of the work of the Institute on a triennial basis. | Operational | Medium | O | Receipt of a copy of the completed impact assessment. | Not provided |
| 9 | The UNIDIR management, in consultation with the UNOG Human Resources Management Service, should complete the classification and grading of posts covering the core functions of the Institute as required by UN Staff Regulation 2.1. | Human Resources | Medium | O | Receipt of documentation showing the approved post-classification and grading of all UNIDIR posts. | Not provided |
| 10 | The UNIDIR management should establish a roster of internal consultants in accordance with the ST/AI/1999/7 on Consultants and Individual Contractors. | Human Resources | Medium | O | Receipt of documentation showing that the Institute has developed a formal roster of internal consultants. | Not provided |
| 11 | The UNIDIR management should strictly comply with the Performance Appraisal System (PAS) requirements of the UN Staff Regulations and Rules. | Compliance | Medium | O | Receipt of documentation showing that UNIDIR has completed PAS reports for all staff to date. | Not provided |